

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 NSC-05 SEC-01 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 TRSE-00

EB-07 JUSE-00 L-02 SCA-01 ARAE-00 /059 W

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P 111442Z MAR 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 9577

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 0984

E.O. 11652: GDS

TAGS: PFOR, PGOV, CS

SUBJECT: CONTINUING ATTENTION CENTERED ON VESCO'S YACHT

REF: SAN JOSE 0651

SAN JOSE 0702

1. BEGIN SUMMARY: ROBERT VESCO'S YACHT THE "JOYA POCO" CONTINUES TO DRAW PRESS ATTENTION AND PUT THE GOCR ON THE SPOT. AN INSPECTION OF THE YACHT BY GOVERNMENT OFFICIALS PRODUCED AN "OK" FOR THE YACHT'S TAX-EXEMPTION STATUS. HOWEVER, THE LEGAL BASIS FOR SUCH AN EXEMPTION WAS QUESTIONABLE AT BEST AND HAS NOW RESULTED IN A CRITICAL OPINION FROM THE COSTA RICAN COMPTROLLER GENERAL, WHICH WAS PUBLISHED IN THE PRESS OF MARCH 9. END SUMMARY.

2. AS A RESULT OF ATTENTION STIMULATED BY "LA REPUBLICA'S" EXPOSEE OF ROBERT VESCO'S YACHT "JOYA POCO" AND THE SUBSEQUENT EMBARGO OF THE YACHT (SEE REFTELS), AN INSPECTION WAS MADE ON CONFIDENTIAL

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FEBRUARY 21 BY REPRESENTATIVES OF THE CUSTOMS

BUREAU, THE MINISTRY OF GOVERNMENT, AND THE COMPTROLLER GENERAL'S OFFICE. THOSE MAKING THE INSPECTION WERE ACCOMPANIED BY VESCO'S LAWYER, JOSE MARIA PLA, WHO CLAIMED TO REPRESENT THE PANAMANIAN COMPANY VINLEX, S.A., ALLEGED OWNER OF THE "JOYA POCO."

3. PRESS REPORT ABOUT THE INSPECTION DID LITTLE TO CLEAR UP THE LEGAL STATUS OF VESCO'S YACHT, BUT CUSTOMS SPOKESMEN, REVERSING THEIR GROUND FROM STATEMENTS GIVEN TO "LA REPUBLICA" SEVERAL DAYS EARLIER, CLAIMED THAT NOW "ALL WAS IN ORDER," THAT NO TAXES WERE OWED, AND THAT THE BOAT WAS FREE TO OPERATE. THE BOAT'S NEW TAX-FREE STATUS IS SUPPOSEDLY DERIVED FROM APPLICATION OF A 1968 COSTA RICAN LAW WHICH APPARENTLY ALLOWS FOREIGN BOATS TO BE IN COSTA RICAN WATERS UP TO THREE MONTHS WITHOUT PAYING TAXES. THE CENTRAL AMERICAN UNIFORM CUSTOMS LAW (CAUCA) WHICH WAS WIDELY BELIEVED TO APPLY IN CASES LIKE THIS DOES NOT PERMIT SUCH A THREE-MONTH EXONERATION, BUT THE CUSTOMS AUTHORITIES, BACKED UP BY FINANCE MINISTRY OFFICIALS, OPTED IN THIS CASE TO APPLY THE 1968 LAW. THE MINISTRY'S DECISION PROMPTED SOME FRUSTRATED HAND WRINGING ON THE PART OF "LA REPUBLICA" AND SOME NASTY ANTI-GOVERNMENT LETTERS TO THE EDITOR, BUT MOST OBSERVERS WERE WILLING TO AWAIT FURTHER WORD FROM EITHER THE MINISTRY OR THE COMPTROLLER'S OFFICE.

ON MARCH 9, "LA NACION" AND "LA REPUBLICA" PUBLISHED THE TEXT OF A LETTER FROM THE COMPTROLLER GENERAL TO THE DIRECTOR GENERAL OF CUSTOMS OPINING ON THE TAX SITUATION OF THE YACHT. IN HIS LETTER, THE COMPTROLLER GENERAL, WHO HAS A REPUTATION FOR HONESTY, STATED THAT "NATIONAL AUTHORITIES HAVE ACTED NEGLIGENTLY" IN THE AFFAIR OF THE "JOYA POCO". THE LETTER NOTED THAT THE YACHT WAS CONSTRUCTED IN THE U.S. AND SENT DIRECTLY TO COSTA RICA WHERE IT HAS BEEN CONTINUOUSLY BASED EXCEPT FOR A TWO-DAY

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DEPARTURE IN FEBRUARY. FINALLY, THE LETTER INDICATED THAT THE APPARENT "DISORDER" IN THIS CASE SUGGESTS A PERMISSIVE ATTITUDE IN CUSTOMS TOWARD TAX EVASIONS AND CALLED ON THE CUSTOMS DIRECTORATE TO TAKE THE NECESSARY DISCIPLINARY ACTION AGAINST OFFICIALS WHO PERMIT SUCH PRACTICES.

5. COMMENT: THE COMPTROLLER'S OFFICE IS INVOLVED

IN THIS AFFAIR BECAUSE OF ITS WIDE RANGING FINANCIAL RESPONSIBILITIES, ESPECIALLY WITH REGARD TO THE BUDGET AND TAX COLLECTION. HOWEVER, IT IS AN ARM MORE OF THE LEGISLATURE (SOMEWHAT LIKE OUR GAO) THAN THE EXECUTIVE AND ITS OPINIONS CAN BE IGNORED AND ON SOME OCCASIONS HAVE BEEN (MOST RECENTLY IN THE SAOPIM CASE). NEVERTHELESS, THE GOVERNMENT IS CLEARLY ON THE SPOT AGAIN OVER A VESCO ISSUE. THE GOCR'S PREFERENCE FOR, IN THIS CASE, A LOCAL LAW THAT HAS BEEN CLEARLY SUPERCEDED BY INTERNATIONAL AGREEMENT (CAUCA) AND NOW THE TECHNICAL POSITION OF THE COMPTROLLER, WILL SURELY CAUSE THE GOCR SOME DISCOMFORT. THE COMPTROLLER'S ACT OF LEAKING HIS LETTER TO THE PRESS SUGGESTS HIS BELIEF THAT ONLY PUBLIC PRESSURE WILL CAUSE THE GOVERNMENT TO CHANGE ITS POSITION.
TODMAN

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Message Attributes

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